

This document prepared by  
Kenneth A Shapiro  
Mitchell & Shapiro, LLP  
One Securities Centre  
3490 Piedmont Road, Suite 650  
Atlanta, Georgia 30305

Return to:

Jason F. Colmore  
600 Kennedy Park Place Suite 100  
Birmingham, AL

### **SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT is made and entered into as of this date April 28, 2022, by and among, **CENTRAL STATE BANK** (the "Lender"), **PRIMROSE SCHOOL FRANCHISING SPE, LLC** ("Primrose"), **TDF HOLDINGS, LLC**, an Alabama limited liability company ("Borrower"), **TDF EDUCATION, LLC**, an Alabama limited liability company d/b/a **PRIMROSE SCHOOL OF MEADOWBROOK** ("Franchisee"), and **BARRY CHRISTOPHER VINES, JR. and STACY MICHELLE VINES** (together, "Guarantor").

### **WITNESSETH:**

Borrower owns certain land in Shelby County, Alabama more particularly described in Exhibit "A," attached hereto and incorporated herein by reference. Said land, together with all improvements and fixtures now or hereafter located thereon, all appurtenances thereto and all other property owned by Borrower located thereon and encumbered by the Loan Documents described below are hereinafter collectively referred to as the "Property."

Lender is making loans to Borrower (and Franchisee, as co-borrower) (collectively, the "Loan"), evidenced by promissory notes in the total face principal amount not to exceed \$3,318,000 and secured, in whole or in part, by deeds of trust (collectively, the "Security Deed"), assignments of leases and rents, and various related instruments in connection with the Loan, all of which encumber or relate to the Property, which are dated on or about this date and are herein collectively referred to as the "Loan Documents". The Loan is guaranteed by the Guarantor.

Primrose, Borrower and Franchisee have entered into that certain Franchise Agreement of even date herewith (the "Franchise Agreement"), pursuant to which Primrose has certain rights with respect to the Property (the "Acquisition Rights"). Pursuant to the terms of the Franchise Agreement, Borrower has executed and delivered to Primrose, a Memorandum of Acquisition Rights in connection with the Acquisition Rights (the "Memorandum of Acquisition Rights"), and Franchisee has executed and delivered to Primrose a Collateral Assignment of Tenant's Interest in Lease (the "Collateral Assignment"), both of which have been filed of record (or shall be filed of record) in the same real property records as the Loan Documents.

Lender requires that it receive a first priority security interest, prior and superior to the Acquisition Rights, and Primrose is willing to subordinate the Acquisition Rights and Memorandum of Acquisition Rights and certain other rights granted to Primrose in the Collateral Assignment but only on the terms and conditions set out herein. Lender is willing to agree to the terms and conditions set out herein below in order to induce Primrose to subordinate the Acquisition Rights to the Loan Documents and approve the Loan Documents, as required under the Franchise Agreement.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the closing of a financing as generally outlined above, the parties hereby covenant and agree as follows:

1. Subordination. Primrose and Lender agree that the Loan Documents shall be prior and superior to the Acquisition Rights, Memorandum of Acquisition Rights, Collateral Assignment and all other documents executed to Primrose with respect to the Property ("Primrose Collateral Documents"), with the same force and effect as though the Loan Documents were executed and recorded prior to the date of execution and recordation of the Primrose Collateral Documents. Accordingly, Primrose hereby subordinates and makes its rights under the Primrose Collateral Documents inferior to the right, title and interest of Lender under the Loan Documents as to the Property. Lender acknowledges and consents to the terms of the Primrose Collateral Documents and agrees that the existence of the Primrose Collateral Documents shall not constitute a default under the Loan Documents, and the Primrose Collateral Documents shall remain in full force and effect as to the Property, but shall be second-in-priority behind the Loan Documents. The terms of this Subordination Agreement shall control in the event of any conflict or inconsistency between any term hereof and any term of the Loan Documents, and are hereby incorporated by reference into the Security Deed and other Loan Documents.

2. Modification of Security Documents. Lender agrees that, so long as the Primrose Collateral Documents remain in force, the Loan Documents will secure only the notes designated therein and no further advances (except for advances to pay any past due taxes or insurance premiums or to pay any other amounts paid to protect the Property), shall be made to Borrower without Primrose's prior written consent.

3. Notice of Default to Primrose; Rights of Primrose on Default. In the event of a monetary default under the Loan Documents or a default which would otherwise give the Lender the right to accelerate the Loan then, prior to acceleration, Lender will notify Primrose in writing of the nature of such default, and Primrose will thereupon have the following options and rights, in addition to any other rights available at law or in equity:

(a) Notice and Right to Cure. To cure or cause a cure of the default within ten (10) days in the case of a default consisting of the failure to make a payment of money to Lender, or fifteen (15) days or such longer period as is reasonable under the circumstances in the case of other defaults, from the date all cure periods under the Loan Documents have elapsed, Lender hereby agreeing to accept such cure. Any and all costs and expenses incurred by Primrose in effecting any cure shall be deducted from the purchase price payable to Borrower in the event Primrose purchases the Property

under the Acquisition Rights, as set out in the Acquisition Rights. In the event such default is cured within said period, to the extent the indebtedness under the Loan Documents has been accelerated as a result of said default, the indebtedness shall be reinstated by Lender, so as to be payable upon the same terms and conditions in effect prior to said default. However, if Primrose fails to cure or cause a cure within such time, any default-related action previously taken by Lender shall continue in effect as of the date instituted; or

(b) Acquisition of Loan Documents. At any time after the default notice and prior to fifteen (15) days before the consummation of a foreclosure sale or sale under power of sale pursuant to the Security Deed, Primrose shall have the right and option (but no obligation whatsoever) to purchase the Loan Documents and any guarantees (except for SBA guarantees, if applicable), agreements and collateral securing same for an amount equal to the outstanding principal balance plus all accrued but unpaid interest, late charges, default interest and any actually incurred reasonable attorneys' fees of Lender's counsel. Upon notice from Primrose to Lender of Primrose's exercise of its right to purchase the Loan Documents and payment of the sums required hereby, the note secured by the Security Deed will be endorsed by Lender to Primrose without recourse or warranty and all the Loan Documents, including, without limitation, any and all guarantees, agreements or collateral, will be assigned by Lender to Primrose without recourse or warranty except that the Lender shall warrant: (i) that it holds title to the aforesaid note and the other Loan Documents free and clear of any lien, claim or participation interest, (ii) that it has the right and power to assign and convey such documents, and (iii) the amount of the principal and interest balance under the Loan Documents on the date of transfer. The original documents purchased and the Lender's title insurance policy shall be delivered to Primrose at the closing of the purchase, and, in addition, if Primrose desires to obtain any other documents which have been provided to Lender by Borrower or by third parties relating to the Property or to the Loan, then, provided that such documents remain in the possession of Lender or are readily available to Lender, Lender will deliver such documents to Primrose at said closing. After the sale of the Loan Documents to Primrose is completed in accordance with the terms of this Paragraph, Primrose shall, and hereby agrees to, indemnify and defend Lender from and against any and all claims, demands, suits or actions in connection with the Loan which arise out of matters or circumstances occurring in connection with, or subsequent to, Primrose's acquisition of the Loan Documents.

4. Exercise of Acquisition Rights. In the event Primrose acquires title to the Property from Borrower as a result of exercising the Acquisition Rights (in its sole discretion), then Primrose shall satisfy the Loan.

5. Non-Disturbance and Attornment. Lender hereby agrees that, in the event Primrose exercises its rights under the Collateral Assignment and becomes the tenant under the lease of the Property between Borrower and Franchisee, as such lease may be modified pursuant to the terms of the Collateral Assignment (the "Lease"), then, so long as the Loan is (or is brought) current, and Primrose thereafter complies with and performs its obligations under the Lease: (a) Lender will take no action which will interfere with or disturb Primrose's possession or use of the Property or other rights under the Lease, and (b) in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, the Property shall be subject to the Lease and Lender shall recognize Primrose as

having the right to occupy the Property for up to 360 days from the date Primrose takes possession as herein provided; provided, however, that Lender shall not be liable for any act or omission of any prior landlord, or subject to any offsets or defenses which Primrose might have against any prior landlord, nor shall Lender be bound by any rent or additional rent which Primrose might have paid for more than the current month to any prior landlord, nor shall it be bound by any amendment or modification of the Lease (other than an amendment pursuant to the Collateral Assignment) made without its consent, nor shall it be construed as Primrose having assumed the Lease, with Primrose being liable for lease payments only for the term that it, in fact, occupies the Property, with Primrose having no obligation to occupy the Property unless it so elects. Primrose does hereby agree with Lender that, in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, and Primrose becomes the tenant under the Lease pursuant to the Collateral Assignment, then Primrose shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the term that it occupies the Property, and Primrose shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease and the Collateral Assignment, provided however if the Lease payment is less than the monthly payment due on the Loan, the monthly rental payment shall be equal to the monthly Loan payment. Lender consents to the terms of the Collateral Assignment and agrees to be bound thereby in the event it becomes the landlord under the Lease. Provided however, notwithstanding any other provision set out herein, Primrose shall have no right to occupy the Property for a period in excess of 360 days from the date it takes possession unless Lender and Primrose agree in writing to Primrose's occupancy beyond such period, and the Lease shall become null and void. The parties hereto agree that in the event Primrose takes possession of the Property as contemplated by this paragraph 5, all rental payments due under the Lease shall be made by Primrose directly to Lender, pursuant to Lender's security interest in the Property (regardless of whether Lender has foreclosed on the Property), and applied against amounts due under the Loan.

6. Loan Information. Lender shall, upon inquiry, provide Primrose with the name, address and telephone number of the officer of Lender having responsibility for the administration of its loan to Borrower. Lender and Primrose shall be free to confer with one another from time to time either orally or in writing with regard to the Property, Borrower, Franchisee and Guarantor. Lender agrees to provide Primrose with such information and copies of documentation regarding the Loan as may be reasonably requested by Primrose.

7. Miscellaneous. The agreements contained herein shall continue in full force and effect until either all of Borrower's obligations and liabilities to Lender are paid and satisfied in full or the Acquisition Rights and Collateral Assignment have terminated and Franchisee's obligations to Primrose under the Franchise Agreement have expired. The agreements contained herein may not be modified or terminated orally and shall be binding upon the successors, assigns, and personal representatives of the parties hereto.

8. Borrower Execution. Borrower, Guarantor and Franchisee have executed and entered into this Agreement for the purpose of consenting and agreeing to the terms and conditions set forth herein, and to all actions of Lender and Primrose contemplated herein.

9. Notices. Any and all notices, elections, approvals, consents, demands, requests and responses thereto ("Communication") permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be

deemed to have been properly given and shall be effective upon the earlier of: (i) being personally delivered, or (ii) three (3) days after being deposited in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith; provided, however, that the time period in which a response to any Communication must be given shall commence on the date of receipt thereof; and provided further that no notice of change of address shall be effective until the date of receipt thereof. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received also constitutes receipt. Any communication, if given to Primrose, shall be addressed as follows:

Mr. Steve Clemente, President  
Primrose School Franchising SPE, LLC  
3200 Windy Hill Road SE, Suite 1200E  
Atlanta, Georgia 30339

with copies to:

Kenneth A. Shapiro, Esq.  
Mitchell & Shapiro LLP  
3490 Piedmont Road, Suite 650  
Atlanta, Georgia 30305

and, if given to Lender, shall be addressed as follows:

Central State Bank  
c/o Alliance Capital Corporation  
Attn: Sam Renta, President  
1808 Oxmoor Road  
Homewood, Alabama 35209

and, if given to Borrower, Guarantor or Franchisee, shall be addressed as follows:

Primrose School of Meadowbrook  
Attn: Chris and Stacy Vines  
4855 Meadow Brook Road  
Birmingham, Alabama 35242

10. Joint and Several Obligations. The obligations of Borrower, Guarantor and Franchisee hereunder shall be the joint and several obligations of such parties.

11. Lender not a Joint Venturer or Partner. Nothing herein shall be construed to create a partnership or joint venture to create a partnership or joint venture between Lender and Borrower and/or Franchisee and/or Primrose.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have signed, sealed and delivered this Subordination Agreement as of the date written above.

LENDER:

CENTRAL STATE BANK

By: [Signature]

Name: Kenneth J. Coreno

Title: Chief Credit Officer

[Bank Seal]

STATE OF Alabama  
COUNTY OF Jefferson

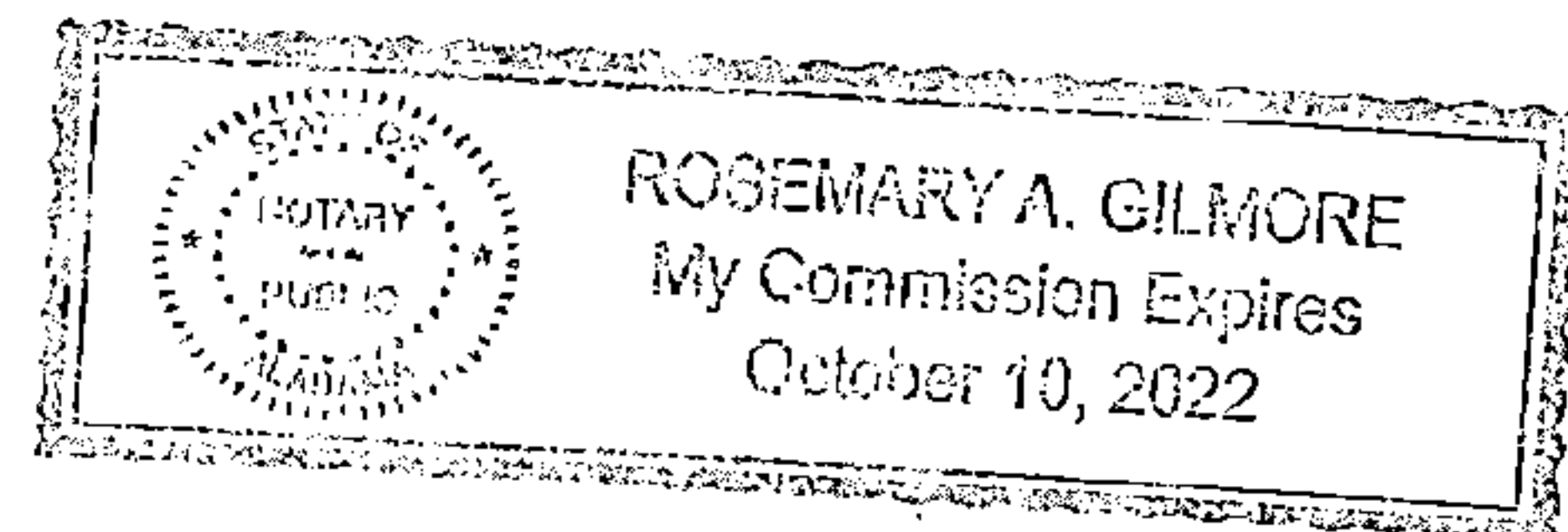
This instrument was acknowledged before me on the 28 day of April, 2022 by Kenneth J. Coreno, Chief Credit Officer of Central State Bank.

(Notary Seal)

[Signature]

Notary Public in and for the State of \_\_\_\_\_


My Commission Expires: \_\_\_\_\_



[SIGNATURES CONTINUE ON FOLLOWING PAGES]

PRIMROSE:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

  
WITNESS

By:   
Steven A. Clemente  
President

STATE OF GEORGIA  
COUNTY OF COBB

(SEAL)

This instrument was acknowledged before me on the 26<sup>th</sup> day of April, 2022  
by Steven A. Clemente, President of Primrose School Franchising SPE, LLC, a Delaware  
limited liability company.

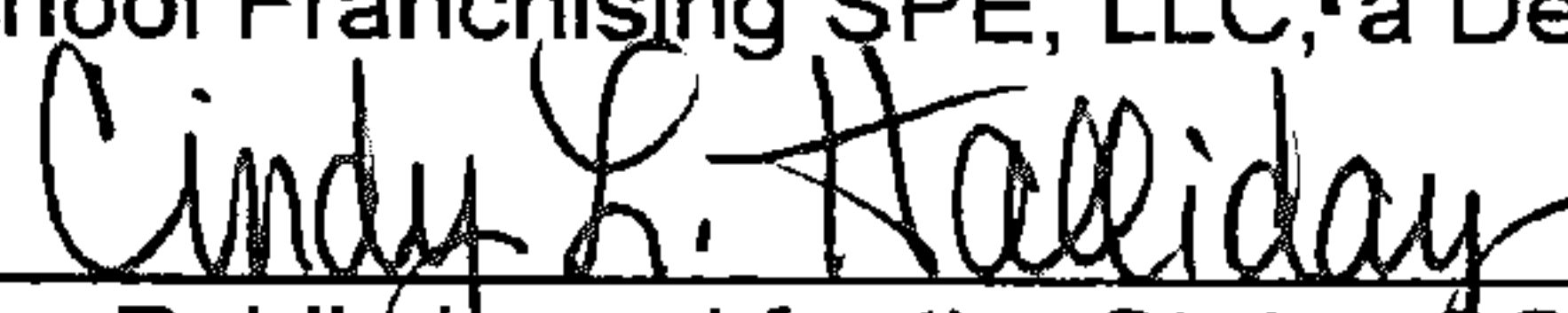
(Notary Seal)

Cindy L Halliday

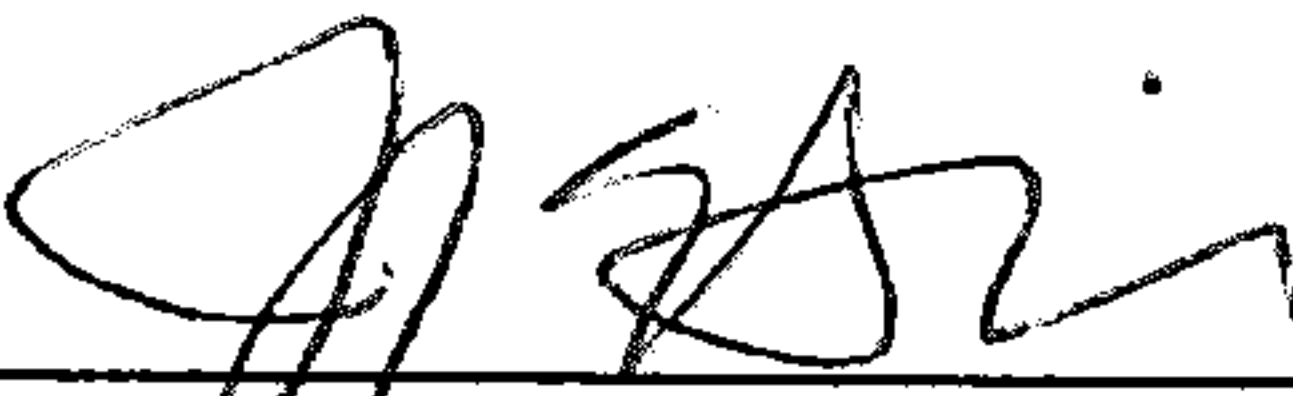
NOTARY PUBLIC

Cobb County, GEORGIA

My Comm. Expires 05/01/2022

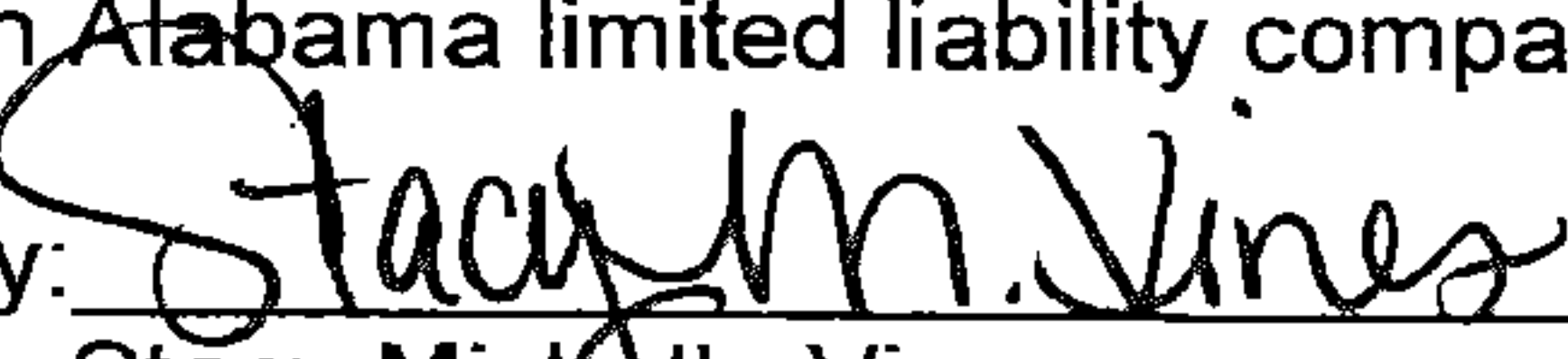
  
Notary Public in and for the State of Georgia  
My Commission Expires: May 1, 2022

[SIGNATURES CONTINUE ON FOLLOWING PAGES]

  
WITNESS

FRANCHISEE:

TDF EDUCATION, LLC  
an Alabama limited liability company

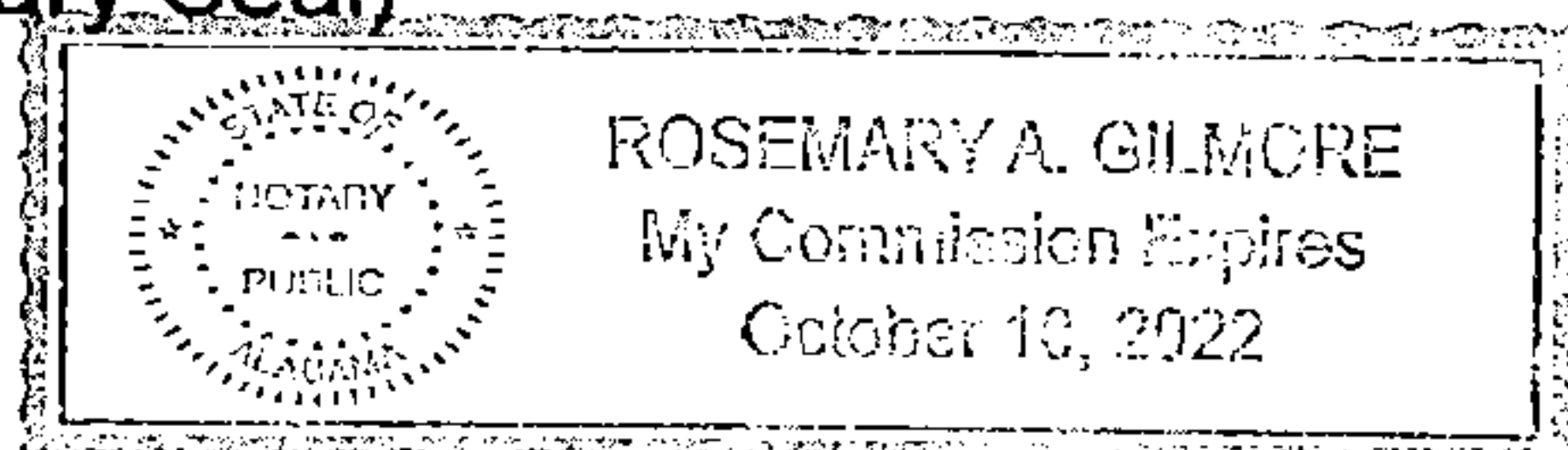
By:   
Stacy Michelle Vines  
CEO

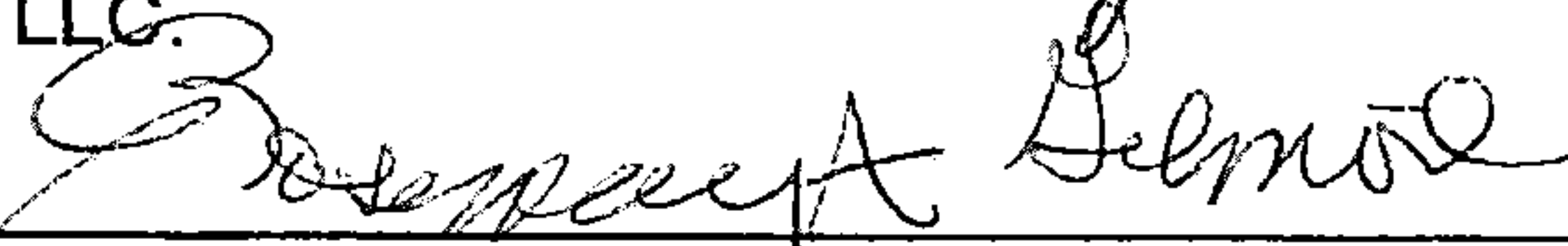
[SEAL]

STATE OF ALABAMA  
COUNTY OF SHELBY

This instrument was acknowledged before me on the 28 day of April, 2022 by  
Stacy Michelle Vines, CEO of TDF Education, LLC.

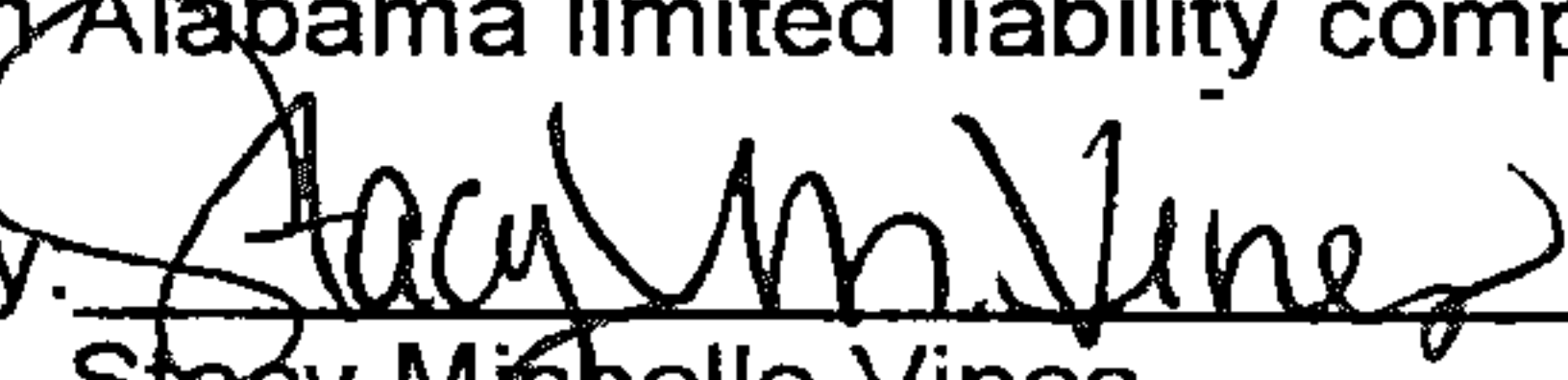
(Notary Seal)



  
Notary Public in and for the State of Alabama  
My Commission Expires: \_\_\_\_\_

BORROWER:

TDF HOLDINGS, LLC  
an Alabama limited liability company

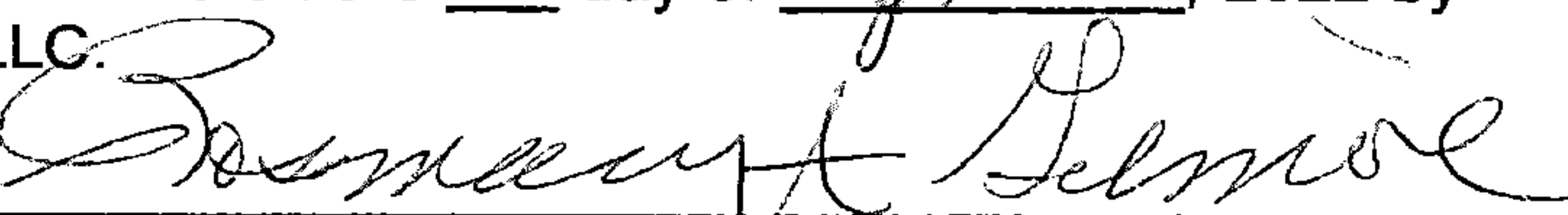
By:   
Stacy Michelle Vines  
CEO

[SEAL]

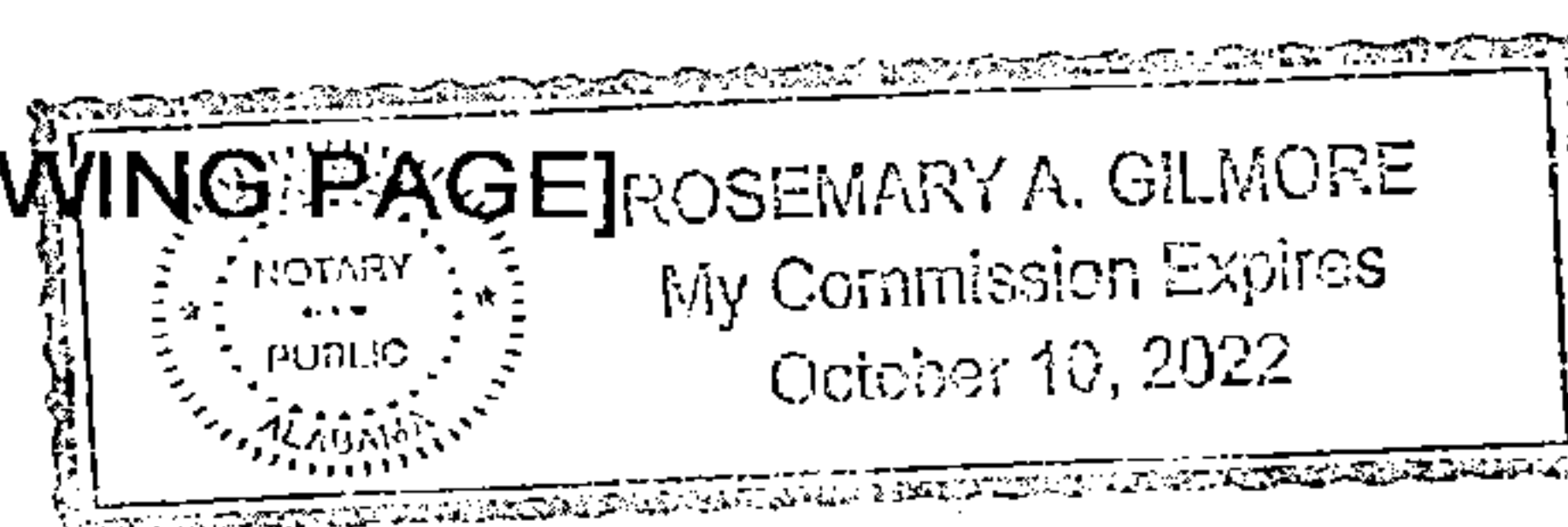
STATE OF ALABAMA  
COUNTY OF SHELBY

This instrument was acknowledged before me on the 28 day of April, 2022 by  
Stacy Michelle Vines, CEO of TDF Holdings, LLC.

(Notary Seal)

  
Notary Public in and for the State of Alabama  
My Commission Expires: \_\_\_\_\_

[SIGNATURES CONTINUE ON FOLLOWING PAGE]



GUARANTOR:

Stacy M. Vines  
STACY MICHELLE VINES

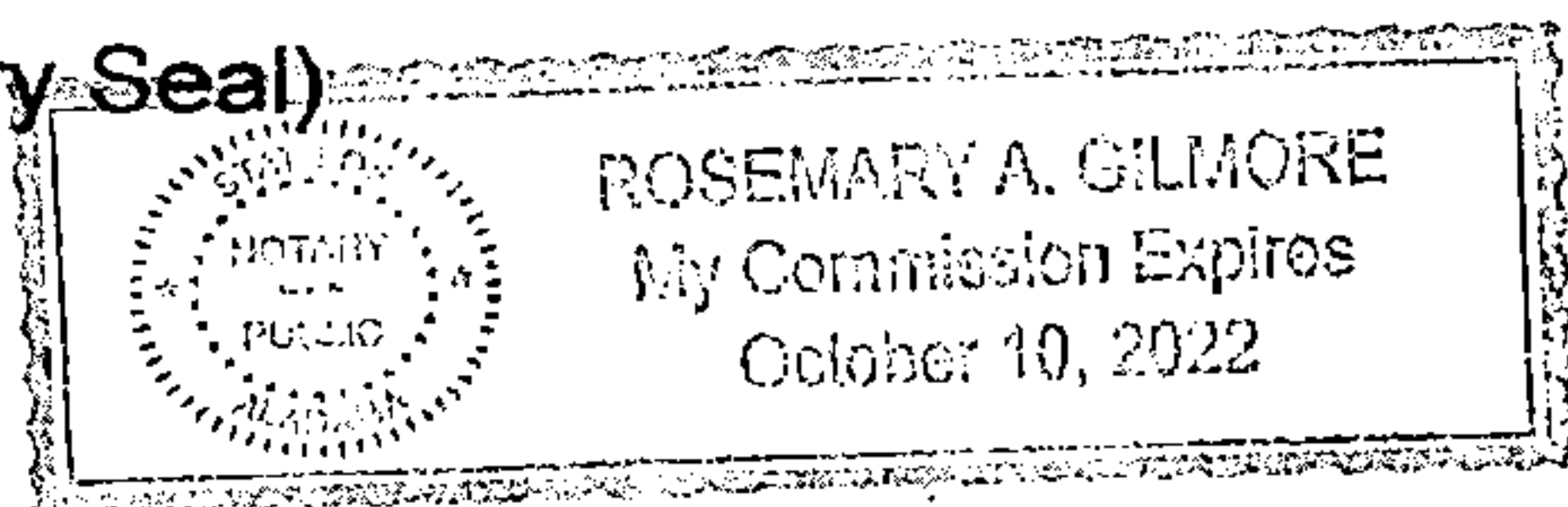
[SEAL]

[Signature]  
WITNESS

STATE OF ALABAMA  
COUNTY OF SHELBY

This instrument was acknowledged before me on the 28 day of April, 2022 by Stacy Michelle Vines.

(Notary Seal)



Rosemary A. Gilmore

Notary Public in and for the State of Alabama  
My Commission Expires: \_\_\_\_\_

[Signature]

BARRY CHRISTOPHER VINES, JR.

[SEAL]

[Signature]  
WITNESS

STATE OF ALABAMA  
COUNTY OF SHELBY

This instrument was acknowledged before me on the 28 day of April, 2022 by Barry Christopher Vines, Jr.

(Notary Seal)

Rosemary A. Gilmore

Notary Public in and for the State of Alabama  
My Commission Expires: \_\_\_\_\_

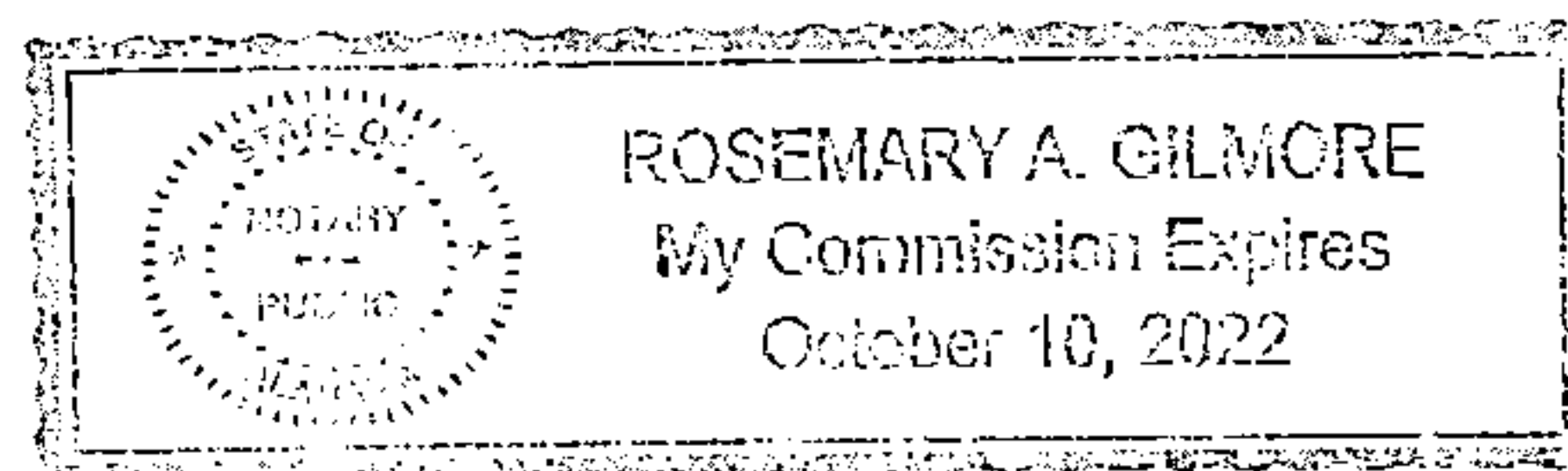


EXHIBIT "A"  
TO  
SUBORDINATION AGREEMENT

[Legal description of Property]

Lot 11A-2, according to the Survey of Meadow Brook Corporate Park South, Phase II, Resurvey No. 10, as recorded in Map Book 29, page 42, in the Probate Office of Shelby County, Alabama.



Filed and Recorded  
Official Public Records  
Judge of Probate, Shelby County Alabama, County  
Clerk  
Shelby County, AL  
04/29/2022 09:30:10 AM  
\$59.00 CHERRY  
20220429000175350

*Allen S. Bayl*